(c) if so, what are the reasons for this discriminatory decision and whether this higher rate of interest will also be allowed to senior citizens holding Provident Fund Accounts in Branches of SBI and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) No, Sir.

(c) Does not arise.

Kelkar panel for changes in economic structure

†1201. SHRI ABU ASIM AZMI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government constituted Kelkar panel to bring about basic changes in the economic structure;

(b) if so, whether the above panel has suggested some basic changes in this Ministry; and

(c) if so, the main points of suggestion for structural changes in his Ministry and the steps being taken by Government to change the structure in the Ministry in the light of abovesaid suggestion?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) A working Group under the chairmanship of Dr. Vijay Kelkar was set up in September, 2002 to review the organizational structure of the Ministry of Finance. The working Group's suggestions, which broadly envisage reorganization of various divisions/ work in the Ministry of Finance, provide valuable inputs to the continuing efforts to enhance efficiency and effectiveness of the Ministry.

Conversion of Stock Exchanges into companies

†1202. SHRI ABU ASIM AZMI: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to convert the stock-exchanges into companies, if so, the reasons therefor;

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†Original notice of the question was received in Hindi.

(b) whether Government propose to bring about a change in the Security Agreement Rule; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. An imminent need for a structural reform of the stock exchanges in the country has arisen from the concerns that the present mutual organisational structure of stock exchanges has failed to address the conflict of interests inherent in such stock exchanges and is not conducive to good governance of stock exchanges.

The Joint Parliamentary Committee on the stock market scam and matters relating thereto, 2001 (JPC) had commented adversely on this situation and strongly recommended that the process of corporatisation and demutualisation of stock exchanges should be expedited to safeguard the interest of investors and to bring about greater transparency and efficiency of stock exchanges. The Government had assured both the Houses in its Action Taken Report that the required legislative changes to give effect to the said recommendation would be proposed.

Other reasons for proceeding with the corporatisation and demutualisation of stock exchanges in the country are:

(i) to cope with competition, stock exchanges require funds. While member-owned stock exchanges have limitations in raising funds, publicly owned corporatised and demutualised exchanges can tap capital markets.

(ii) Corporatised and demutualised exchanges can be more professional when compared to member-owned organisations.

(b) and (c) Yes, Sir. To facilitate corporatisation and demutualisation of stock exchanges, Government has promulgated the Securities Laws (Amendment) Ordinance, 2004 on October 12, 2004, thereby amending the Securities Contracts (Regulation) Act, 1956. Lok Sabha has already passed a Bill to replace the Ordinance. The same is proposed to be introduced for consideration in the Rajya Sabha shortly.

The salient amendments made in the Securities Contracts (Regulation) Act, 1956, *inter alia,* include—

(i) defining corporatisation and demutualisation;

(ii) limiting the organisational form of a stock exchange to a corporate entity;

(iii) specifying the procedure for corporatisation and demutualisation (including approval of scheme for corporatisation and demutualisation by the Securities and Exchange Board of India);

(iv) specifying the time limit within which the shares shall be disinvested by stock brokers under the scheme of corporatisation and demutualisation;

(v) restricting the voting rights of brokers as shareholders, and brokers' participation on governing boards of stock exchanges so as to plug the loopholes inherent in governance of stock exchanges whose organisational form is mutual.

Increase in customs duty on import of cotton

1203. SHRI SHARAD ANANTRAO JOSHI: Will the Minister of FINANCE be pleased to state:

(a) whether Government have received representations regarding demand to increase the customs duty on import of cotton which is presently quite low at 10 per cent to save the cotton farmers in the country;

(b) if so, Government's reaction thereto;

(c) whether Government propose to increase the customs duty on import of cotton to the maximum level of 40 per cent as has been done in case of silk etc.; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No. Sir, this Ministry has not received any representation demanding increase in customs duty on import of cotton recently.

(b) Does not arise in view of (a) above.

(c) While fixing the import duty rate on cotton, Government takes into account the need to protect the domestic producers, and also the need to